

B549



Your recent letters of November 14, 2001 announcing your desire or attempt to cancel the "Contrato de Fabrication de microgranulos de omeprazol" dated March 23<sup>rd</sup>, 2000 and the "Carta de compromiso de compras" of the same date only underscores the fact that your non-performance was a deliberate attempt to damage Ethypharm, damage our customer base, and possibly set the stage to compete with Ethypharm for the continued business of our licensees using Ethypharm's core technologies, know-How and customer base.

We believe a meeting is urgently needed between our respective executives for it is clear that Ethypharm has been badly impacted by Belmac's clear breach of the underlying agreements as well as Belmac's apparent plans to compete independently in this marketplace with technology and equipment clearly owned by Ethypharm.

Please reply at once.

Yves Liorzou  
Commercial Director

A handwritten signature in dark ink, appearing to be 'Yves Liorzou', written over a faint rectangular stamp.

EP 004854

B550



**Shipment Airwaybill**  
(Non negotiable)  
www.dhl.com

**6419537375**  
Quote this Shipment Number in an Enquiry

ORIGIN	DESTINATION
CDG	

<b>1. From (Sender)</b>	
Account No. 221503704	Sender's Name Y. LIORZOU
Sender's Reference first twelve characters will be shown on invoice SA S 9004	
Company Name ETHYPHARM SA	
Address 194 BUREAUX DE LA COLLINE BAT D 12EME ETAGE SAINT CLOUD France	
Post Code 92213	Phone/Fax/Telex 01 41 12 17 20
<b>2. To (Receiver)</b> <i>DHL cannot deliver to a PO Box</i>	
Company Name LABORATORIOS BELMAC	
Delivery Address Poligono de Malpica C num. 4 ZARAGOZA	
Post Code 50016	Country Espagne
Contact Person Mr. HERRERA	Phone / Fax / Telex 34 91 388 7201
<b>5. Sender's authorisation and signature</b> <i>I have read, understood and accept DHL's terms and conditions of business and agree that they apply to the shipment and limit DHL's liability. The Warsaw Convention may also apply.</i>	
Signature Y. LIORZOU	Date 14/12/01



<b>3. Shipment Details</b> <i>Not all payment and service options are available to all countries.</i>	
<b>Services</b> <input type="checkbox"/> DOCUMENT <input type="checkbox"/> WORLDWIDE PARCEL EXPRESS <input checked="" type="checkbox"/> INTRA EC <i>(in free circulation)</i> <input type="checkbox"/> EXPRESS DOCUMENT <input type="checkbox"/> DOMESTIC <input type="checkbox"/> WORLDMAIL <input type="checkbox"/> OTHER SERVICE <i>specify</i>	<b>Transport Charges</b> <i>If left blank sender pays transport charges</i> <input type="checkbox"/> Sender <input type="checkbox"/> Cash / Cheque / Credit Card <i>For approved customers only</i> <input type="checkbox"/> External Billing Agreement <input type="checkbox"/> Transport Collect <input type="checkbox"/> Shipment Insurance <input type="checkbox"/> YES <input type="checkbox"/> Insured value give currency
Full description of contents Documents	
<i>International Worldwide Parcel Express shipments only</i> <i>Attach the Original and three copies of Proforma or Commercial Invoice</i> Declared Value <i>give currency</i> Senders VAT number Harmonised commodity code applies Receiver's VAT No. or EINT/SSN	
Type of export <input type="checkbox"/> PERMANENT <input type="checkbox"/> REPAIR/RETURN <input type="checkbox"/> TEMPORARY Destination duties / taxes <i>if left blank receiver pays duties / taxes</i> <input type="checkbox"/> Receiver <input type="checkbox"/> Sender <input type="checkbox"/> Other <i>Specify destination approved account number</i>	

<b>4. Size and weight</b>	
No. of pieces 1	Weight 0,5 kg
Dimensions cm L x W x H	
VOLUMETRIC WEIGHT 0,0 kg	
CODES	CHARGES
	Services
	Special
	Insurance
	Other / VAT
CURRENCY CODE	
TRANSPORT COLLECT STICKER No.	
PAYMENT DETAILS Cheque / Card no.	
Type	Expiry
PICKED UP BY Route No.	
Time	Date

Special Instructions :

de 14-12-01

elle

EP 004855

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12-12-01

SPAIN - ADOLFO

Ethypharm - No Answer yet

LAVIPHARM - Nitroglycerin will check

Loretidine - Press Release

SALES total - 543 November

202 341

224

112 manu

6 expot

CAMBrex

AWARDS

- Luis Cobarrille
- Antonio
- Juan Cort
- Javier
- Glenner

SKYEPHARMA

12-12-01

Perrigo - Bob Flynn

- Interested in Acetaminophen Report -

- Onchycomyzis ppt

- \* • CPG 215 - Antifungal Vaginal

- \* Patent list

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Dec  
17, 2004

Adolfo

1. Ethypharm - Will not do anything  
Alastair - Ethypharm  
A. Basilio - Find new customers
2. LAVIPHARM - ALAN WEBER -
3. Clemente Problem  
IMS - Omegra, N. all others  
Cimatin ↑  
BAYVIT ↑  
WANT TO REDUCE THEIR - Clemente  
Reduce price by 25 ptes.  
Jan leave company
4. Tava - 8 - 9.5 W. Am.  
Lornestatin  
GALAPRINE / H  
Pegolide /
5. Omegrale 10 mg - will probably get
6. Enalapril 2.5 mg & 10 mg  
CALCIN  
Biolid - 100 mil ptes 3yr. manuf - Probi  
LACHULOSA
7. Simvastatin - Market quiet  
Leverett Jan
8. Market in Spain responds to price  
Prices and other PHARMACY bonification
9. Sanofi -

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Laboratoires PHARMALLIANCE  
63, rue Boudjema Moghni  
Hussein - Dey Alger  
Tel : (021) 23 34 06 / 23 35 42  
Fax : (021) 23 19 18

Mr A. HERRERA  
Laboratorios BELMAC  
28700 San Sebastian de Los Reyes  
Madrid  
Spain

Algiers, 06 December 2001

Dear Mr. Herrera;

Please find here enclosed the Confidentiality Agreement, duly signed by Mrs Amal Lamari,  
of the following products :

- Omeprazole 10 & 20 mg
- Enalapril 5 & 20 mg
- Simvastatine 20 mg

Could you please send us as soon as possible the corresponding files.

Thank you for your co- operation & Best regards.

A handwritten signature in black ink, appearing to read "Ilhem Chafia GADRI".

Ilhem Chafia GADRI  
Affaires Réglementaires

Laboratoires Pharmalliance 63, rue Boudjema Moghni - Hussein-Dey - Alger  
Téléphone : (02) 23 34 06 / (02) 23 35 42 Fax : (02) 23 19 18

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**SUPPLY, MARKETING & DISTRIBUTION AGREEMENT**

**BETWEEN:**

**PHARMALLIANCE**, with head office in 63, Rue Boudjema Moghni Hussein-Dey, Alger-Algerie, represented by Amal Lamary Chairman, (Hereinafter called "PHARMALLIANCE");

**AND**

**LABORATORIOS BELMAC, S.A.**, with head office at San Sebastian de los Reyes, MADRID 28700, C/ Teide 4, Poligono Empresarial La Marina, represented by Mr. Adolfo Herrera Málaga, General Manager, holding powers for this deed, (Hereinafter called "BELMAC")

The parties have agreed and taken into written form, this commercial marketing and distribution agreement:

**FIRST**

**PHARMALLIANCE** agrees to buy from **BELMAC** the medicine "OMEPRAZOLE" 20 mg and OMEPRAZOLE 10mg capsules, according to the schedule and supplying plan, which will be agreed between the parties.

**SECOND**

**BELMAC** agrees to sell to **PHARMALLIANCE** the medicine "OMEPRAZOLE" 20 mg and OMEPRAZOLE 10mg capsules, at competitive prices, re-calculated every year

**THIRD**

The products supplied and sold to **PHARMALLIANCE** by **BELMAC** as the sole and exclusive manufacturer must be delivered C&F from the production plant in Zaragoza, Spain, to **PHARMALLIANCE** warehouse at ALGEL, ALGERIE, conditioned, packed in bulk and labelled according to the instructions, which **PHARMALLIANCE** will inform **BELMAC** about.

**FOURTH**

The price of each supply will have to be paid within 120 days from the AWB date.

**TENTH**

Neither Party shall be entitled to any compensation or indemnity as result of the termination of the agreement.

**CONFIDENTIAL**

**BEL000497**

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**ELEVENTH**

In order to guarantee the success of the product omeprazol (PROTON), Belmac will assume part of the marketing and distribution costs of the product during the time that Belmac supply the product in Bottle labeled.

For each bottle of the product supplied by Belmac, Pharmalliance will emit an invoice to Belmac with the following charges:

Omeprazole 20mg in Bottle of 14 capsules	1,706 Euros.
Omeprazole 20mg in Bottle of 28 capsules	3,265 Euros.
Omeprazole 10mg in Bottle of 28 capsules	1,874 Euros.

Payment will be made 120 days from AWB

**TWELVETH**

**Supply Prices C&F Alger (Algerie)**

Omeprazole 20mg in Bottle of 14 capsules	3,20 Euros.
Omeprazole 20mg in Bottle of 28 capsules	6,13 Euros.
Omeprazole 10mg in Bottle of 28 capsules	3,52 Euros.

This Confidentiality and Non -Disclosure covenant will survive and last for five (5) years after the termination of the Agreement.  
This agreement was written in duplicate.

Alger, Algeria February

PHARMALLIANCE  
Amal Lamary

LABORATORIOS BELMAC, S.A.  
Adolfo Herrera

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BEL000498

LABORATORIOS BELMAC, S.A.

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## FAX


FOR:	Jim Murphy	FROM:	Adolfo Herrera
ORGANIZACIÓN:	Bentley Pharmaceuticals, Inc.	DATE:	December 26 <sup>th</sup> , 2001
FAX:	00 1 603 9646889	TOTAL PAGES:	3
TELEPHONE:	00 1 603 9648006		

Dear Mr. Murphy,

Together you will find a draft of the letter that we have prepared to send to Ehypharm, as answering to its written.

Please, inform me if you agreed with it, and so, to proceed to send it

Best regards,



Adolfo Herrera

LABORATORIOS BELMAC, S.A.  
Teide, 4 - Parque Empresarial La Marina  
28700 San Sebastián de los Reyes - Madrid  
Tfno.: 91 6593280 - Fax: 916520144

BEL051564  
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LABORATORIOS ETHYPHARM, S.A.  
D. Adolfo de Basilio  
C/ Marqués de la Ensenada, 16  
28004 MADRID

Madrid, December 26th 2001

Dear Sirs,

On December 18<sup>th</sup> 2001 we have received a letter from ETHYPHARM, S.A. dated in Saint Cloud on 12<sup>th</sup> of the current month and signed by its Commercial Manager, M. Yves Liorzou. Without detriment of the strangeness that it produced to us, dealing with the announcement of the rescission of two agreements, it reply us an entity that, even being the main office, it is not the signer of the mentioned agreements, we wish to comment some of the affirmations reflected in such letter.

Firstable, we want to leave very clear that, LABORATORIOS BELMAC, S.A. has never failed any delivery time in the product supply. You know perfectly that we have made the deliveries executing strictly the foreseen periods.

Moreover, for the customer that you mentioned in your letter, we have attended on time extraordinary orders, additional to the initially stipulated. So, in November of the present year, we had to supply you 30.000 units and, due to urgent orders that you have made to us, we have supplied 49.736 units. In the present month of December, and for the same reasons, we have delivered 55.000 units instead of the 30.000 units ordered.

That means that, we have fulfilled the agreed, we have made an extraordinary effort and we have attended and we are attending your extraordinary orders with the same celerity and promptness. That extraordinary effort is due to the insufficiency of the equipments supplied by you and at the necessity to depend of an increase of capacity, which has been exposed to you in several times, as you very well know, without having received a positive answer by your part.

Instead of recognizing our effort in the fulfilment of the delivery times of your initial orders, and, even of the extraordinary orders, in your letter you impute us "unacceptable delays" in the supply of Omeprazol. This it is not only astonishing, but it is also rigorously contrary to the reality.

In second term, our letters of November 14<sup>th</sup> 2001 are not a wish or a purpose, as you affirm, of resolving the "manufacturing agreement" of micropellets of Omeprazol and the "letter of intend", both documents dated on 23 March 2000.

Our letters dated November 14<sup>th</sup> 2001 are a formal announcement of rescission of such agreements, announcement carried out on time (before four months) and form (through written notification) and, therefore, total and absolutely adjusted to the normative in force and to the agreed in the mentioned documents.

Consequently, just as we manifested you in the mentioned letters dated November 14<sup>th</sup>, we reiterate you that, from next 23 March 2002, the mentioned agreements will be cancelled to all effects, asking you, that, as soon as possible, you do inform us which is your intention with respect to the equipments referred before.

In third term, we want to express you that LABORATORIOS BELMAC, S.A. dispose of its own development and its own patents. LABORATORIOS BELMAC, S.A. has never carried out and will never carry out acts of competence, which could harm you, acting always in accordance with the legislation in force, for that, the suppositions that you have made in the penultimate paragraph of your letter are total and absolutely out of place.

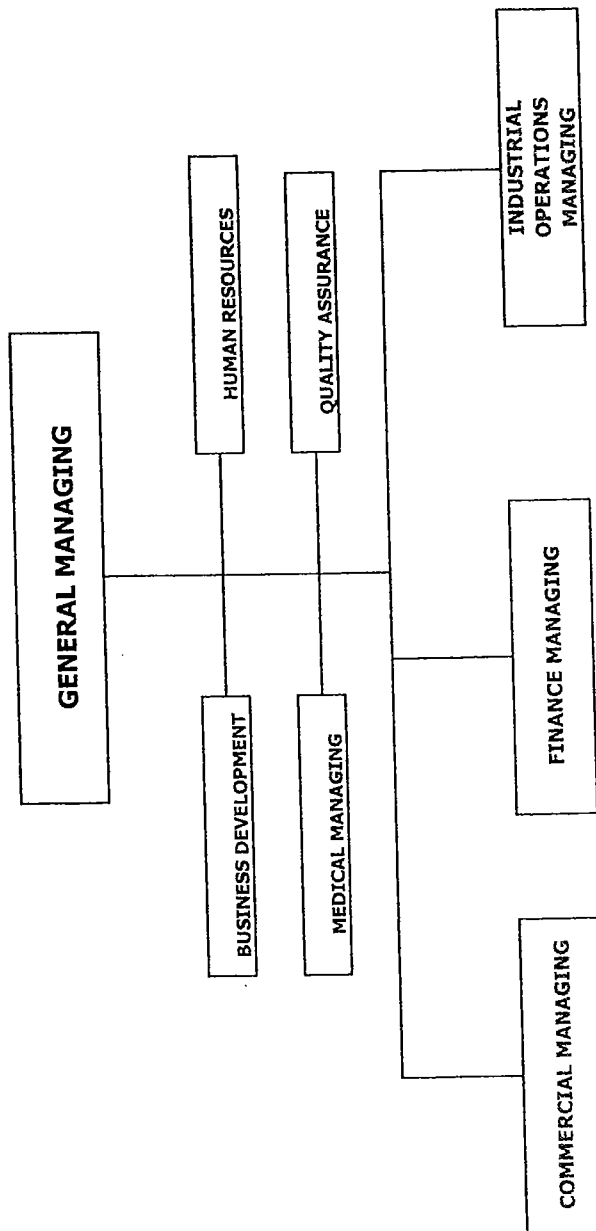
Finally, we absolutely agree with you, to arrange an urgent meeting. For that purpose, we are to your disposal to be able to carry out it as soon as possible. We have already been ready to dialogue and, therefore, already on November 14<sup>th</sup> we offered to you the possibility to negotiate a new manufacturing agreement according with your necessities and circumstances.

Looking forward to hearing from your notices.

Adolfo Herrera  
General Manager

AÑO 2.002

ORGANIZATION CHART



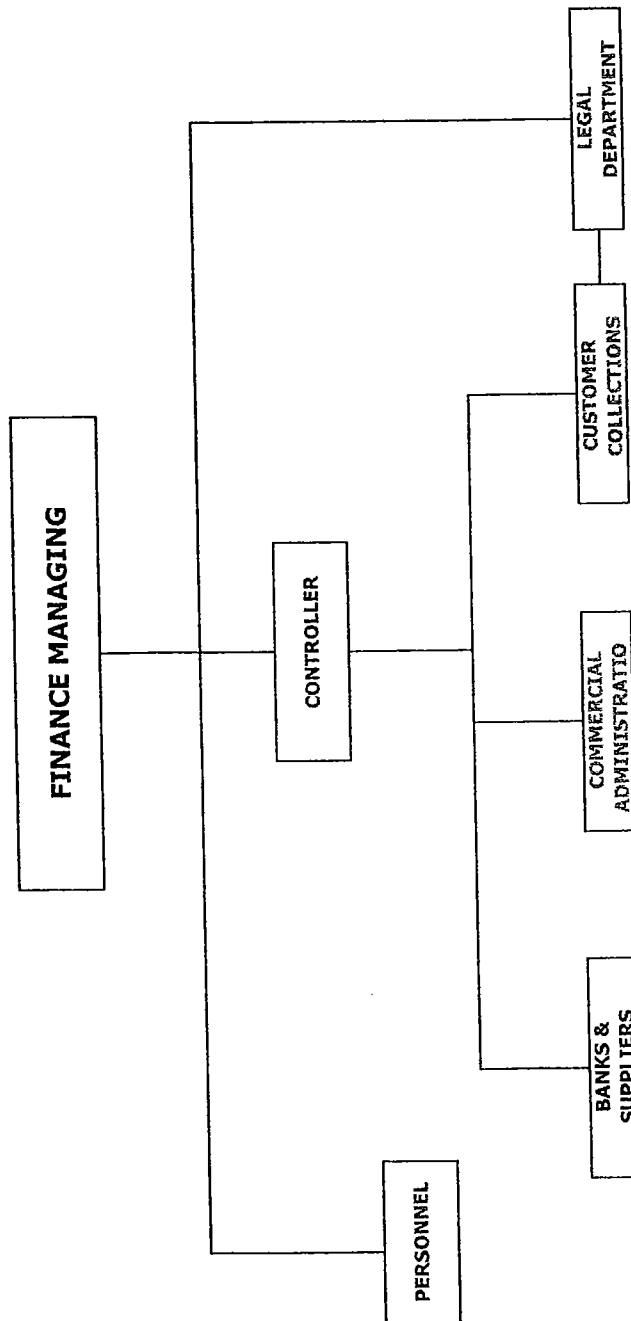
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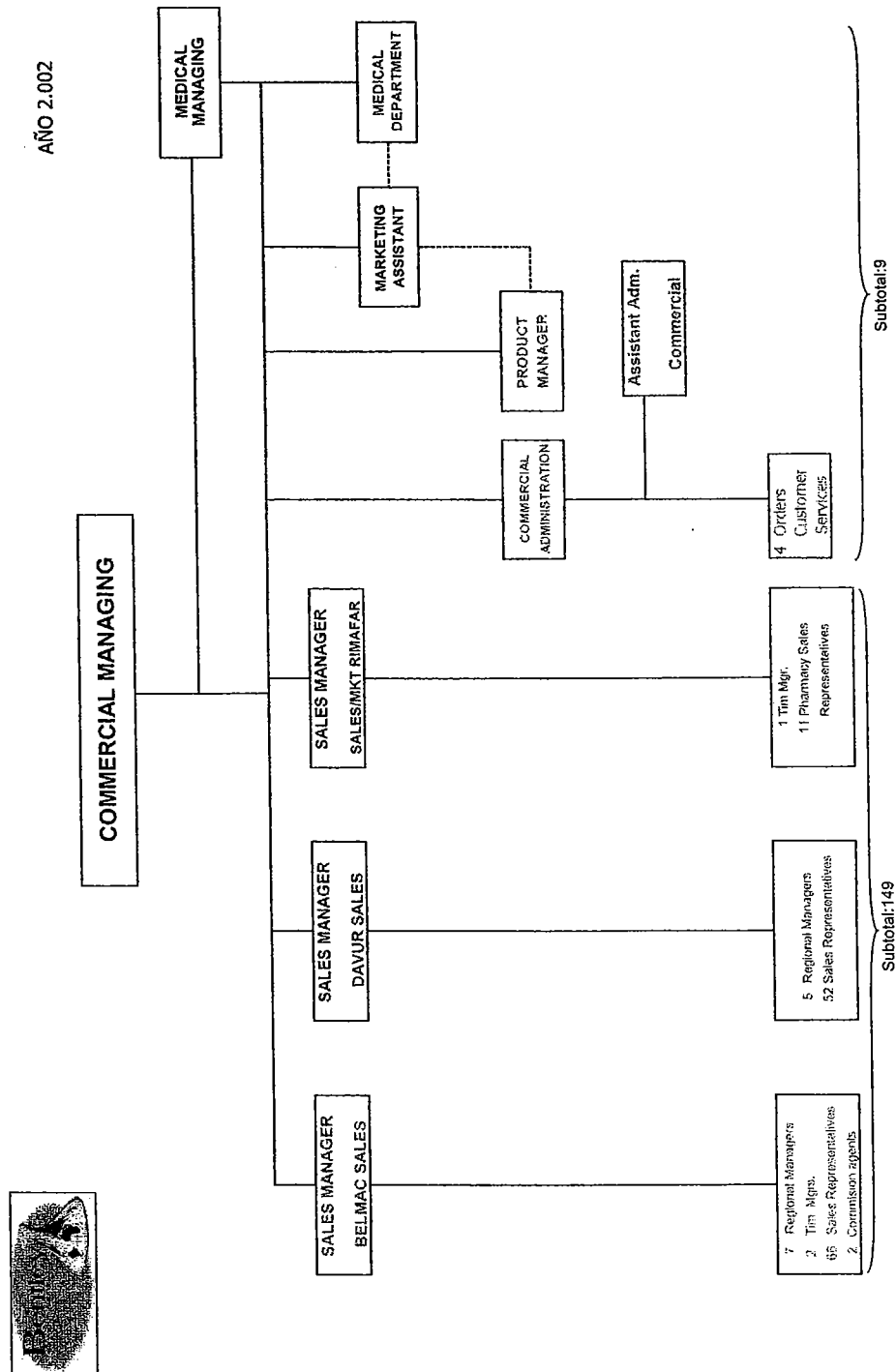


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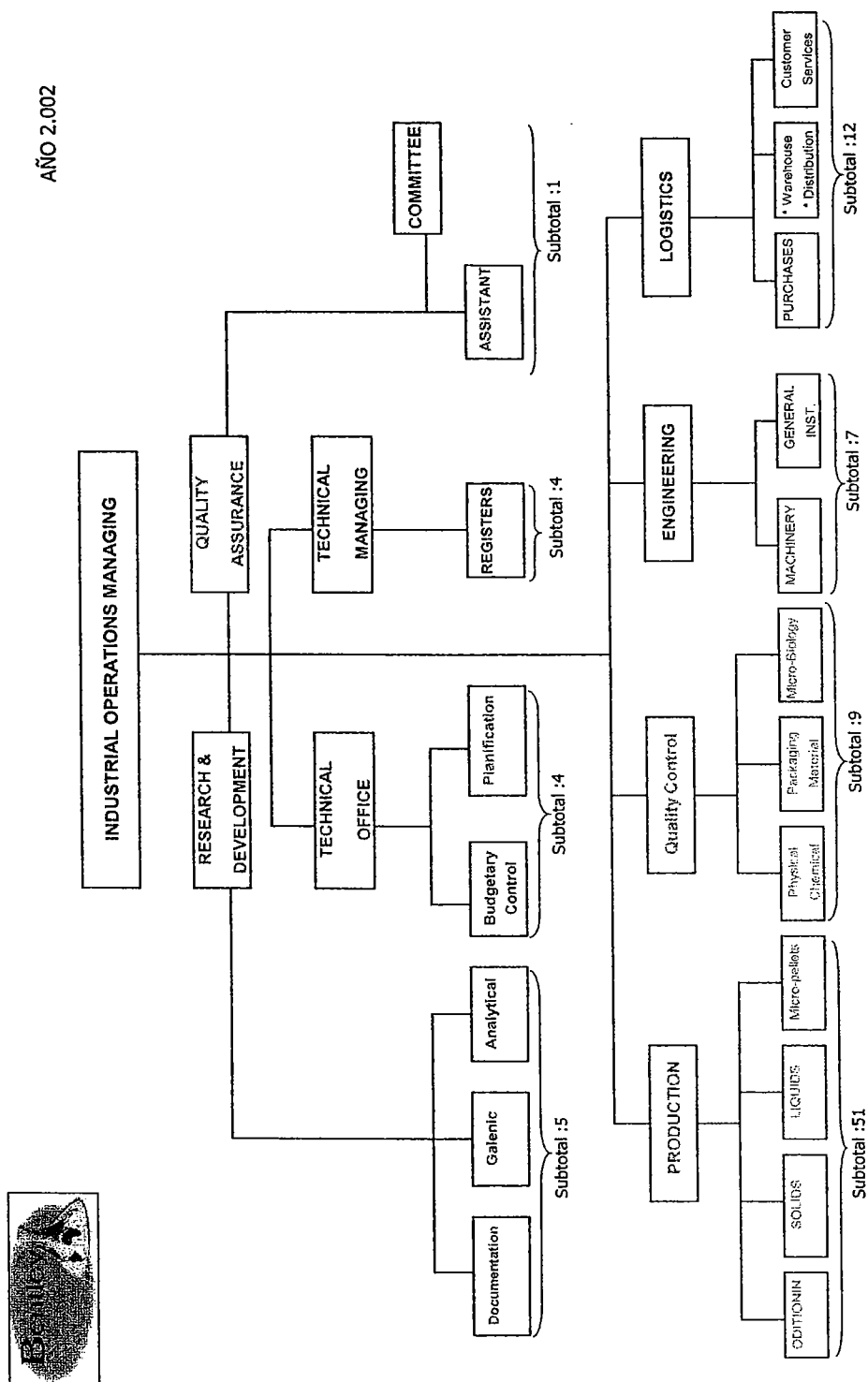


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22 ENE. 2003

En New Hampton, a 1 de enero 2002

**CONTRATO DE ARRENDAMIENTO DE SERVICIOS DE  
ASESORAMIENTO Y DIRECCIÓN EFECTIVA.**

**REUNIDOS**

De una parte, **MIKE PRICE** en nombre y representación de **BENTLEY PHARMACEUTICALS INC.**, entidad con domicilio en North Hampton, (New Hampshire, USA), 65 Lafayette Road.

De otra parte, **JAMES J. MURPHY** en nombre y representación de **LABORATORIOS BELMAC, S.A. (sociedad unipersonal)**, entidad con domicilio en San Sebastián de los Reyes (Madrid, España), calle Teide nº4, con CIF A78964038.

**MANIFIESTAN**

I.- Que **BENTLEY PHARMACEUTICALS INC.** es una empresa de reconocida experiencia y solvencia en el mundo farmacéutico.

II.- Que **LABORATORIOS BELMAC, S.A. (sociedad unipersonal)** está interesada en contratar los servicios de **BENTLEY PHARMACEUTICALS INC.** en relación a la dirección y gestión efectiva de la empresa.

III.- Que ambas partes, según intervienen se reconocen capacidad jurídica suficiente para celebrar el presente contrato de **ARRENDAMIENTO DE SERVICIOS**, el cual pasará a regirse por el contenido de las siguientes

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**ESTIPULACIONES**

**PRIMERA.- OBJETO DEL CONTRATO.**

BENTLEY PHARMACEUTICALS INC. prestará a LABORATORIOS BELMAC, S.A. (sociedad unipersonal) los servicios relacionados con el asesoramiento de gestión y dirección efectiva de la empresa.

**SEGUNDA.- CONTENIDO DE LOS SERVICIOS.**

Las partes concretan los servicios objeto del presente contrato en los siguientes:

1. Asesoramiento integral en política y estrategia comercial, precios, márgenes de beneficios, comisiones, incentivos, etc...
2. Asesoramiento integral en materia de política retributiva de empleados y directivos.
3. Asesoramiento integral en política y estrategia de compras de productos, renovaciones y convalidaciones de productos y especialidades ante la Administración, renovación de la cartera de productos, en especial los denominados genéricos, etc...
4. Asesoramiento integral en estrategia de control de gestión, optimización de costes, dimensionalidad de stocks, etc...

Esta relación no tiene carácter cerrado por lo que podrán incluir todos aquellos servicios y derechos que las partes crean oportuno siempre y cuando se respete el objeto del contrato establecido en la cláusula primera que antecede.

**TERCERA.- PLAZO CONTRACTUAL.**

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Se estipula de mutuo acuerdo una duración para este contrato de CINCO AÑOS desde la firma del presente documento.

El presente contrato se renovará de forma automática por idéntico plazo al finalizar cada quinquenio siempre que por cualquiera de las partes no se comunique a la otra parte de forma fehaciente con una antelación de treinta días a la finalización de dicha anualidad su expresa voluntad de no renovar el contrato. Igualmente sucederá para anualidades sucesivas.

**CUARTA.- RETRIBUCION Y FORMA DE PAGO.**

LABORATORIOS BELMAC, S.A. (sociedad unipersonal) abonará a BENTLEY PHARMACEUTICALS INC. una cantidad anual de CUATROCIENTOS VEINTE MIL EUROS (420.000 €).

Para pago de dicha cantidad BENTLEY PHARMACEUTICALS INC. girará la correspondiente factura con fecha 31 de diciembre de cada año que se abonará por LABORATORIOS BELMAC, S.A. (sociedad unipersonal) a 120 días desde fecha factura.

LABORATORIOS BELMAC, S.A. (sociedad unipersonal) realizará en su caso las retenciones de impuestos correspondientes que ingresará en la hacienda Pública.

**QUINTA.- LUGAR DE PRESTACIÓN DE LOS SERVICIOS.**

Dicho asesoramiento y funciones de dirección se realizará desde oficinas e instalaciones que BENTLEY PHARMACEUTICALS INC. posee en New York (EE.UU.), por lo que en términos tanto prácticos como fiscales el lugar de prestación de los servicios será EE.UU.

**SEXTA.- OBLIGACIONES DE LAS PARTES.**

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**LABORATORIOS BELMAC, S.A. (sociedad unipersonal)** deberá facilitar a **BENTLEY PHARMACEUTICALS INC.** toda la información y documentación que sea necesaria para la prestación de los servicios acordados.

**LABORATORIOS BELMAC, S.A. (sociedad unipersonal)** facilitará al personal de **BENTLEY PHARMACEUTICALS INC.** los medios materiales necesarios para el cumplimiento del presente contrato.

**SÉPTIMA.- RESOLUCIÓN.**

El incumplimiento de cualquiera de las obligaciones asumidas por la partes por razón de este documento facultará a la parte no incumplidora para solicitar la resolución de pleno derecho del presente contrato, salvaguardando su derecho legítimo a reclamar cuantos daños y perjuicios le irroque dicho incumplimiento.

**OCTAVA.- CONFIDENCIALIDAD.**

Ambas partes se comprometen a guardar la más estricta confidencialidad sobre todo dato o información que la otra parte le facilite o al que tenga acceso por mor de la prestación de sus servios, ya afecte a la propia a la propia empresa ya afecte a los clientes de esta.

**NOVENA.- LEY APLICABLE Y SUMISIÓN A ARBITRAJE.**

La partes acuerdan expresamente la sumisión del presente contrato a la legislación norteamericana.

Las partes con renuncia expresa del fuero que les pudiera corresponder, se someten para cuantas divergencias pudieran surgir, en la interpretación y cumplimiento del presente contrato a los Juzgados y Tribunales de New York (EE.UU.).

Y en prueba de conformidad con cuanto antecede, previa lectura del mismo, ambos comparecientes firman y rubrican el presente **CONTRATO DE**

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ARRENDAMIENTO DE SERVICIOS, en ejemplar duplicado y a un solo efecto,  
en el lugar y fecha del encabezamiento.

BENTLEY PHARMACEUTICALS INC. <i>Michael A. Price</i> Michael A. Price Vice President, CFO	LABORATORIOS BELMAC, S.A. (sociedad unipersonal) <i>James R. Murphy</i>
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In New Hampton, January 1, 2002

**LEASING OF ADVISING AND EFFECTIVE MANAGEMENT SERVICES AGREEMENT**

**PARTIES**

Party of the first part, **MIKE PRICE**, acting in the name and behalf of **BENTLEY PHARMACEUTICALS INC.**, an entity domiciled in North Hampton (New Hampshire, USA), 65 Lafayette Road.

Party of the second part, **JAMES J. MURPHY**, in the name and behalf of **LABORATORIOS BELMAC, S.A. (single-owner firm)**, an entity domiciled in San Sebastián de los Reyes (Madrid, Spain), at Calle Teide Nº 4, with CIF A78964038.

**REPRESENTATIONS**

I. **BENTLEY PHARMACEUTICALS INC.** is a company of acknowledged experience and reputation in the pharmaceutical business.

II. **LABORATORIOS BELMAC, S.A. (single-owner firm)**, is interested in retaining the services of **BENTLEY PHARMACEUTICALS INC.** in relation to effective direction and management of the company.

III. Both parties, in their respective capacities herein, acknowledge each other's sufficient legal capacity to enter into this **LEASING OF SERVICES AGREEMENT**, which shall be governed by the content of the following:

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**STIPULATIONS**

**FIRST. PURPOSE OF THE AGREEMENT**

BENTLEY PHARMACEUTICALS INC. shall furnish to LABORATORIOS BELMAC, S.A. (single-owner firm) the services related to advising for management and effective direction of the company.

**SECOND. CONTENT OF THE SERVICES**

The parties define the services to be furnished pursuant to this agreement as:

1. Comprehensive advising on commercial policy and strategy, prices, profit margins, commissions, incentives, etc.
2. Comprehensive advising on compensation policy for the employees and executives.
3. Comprehensive advising on policy and strategy for product procurement, renewals and approvals of products and specialties vis-à-vis the Administration, renewals of product portfolio, and in particular the so-called generic medications, etc.
4. Comprehensive advising on management control strategy, optimization of costs, sizing of stocks, etc.

The foregoing listing is not closed and may come to include all the services and rights which the parties may consider timely, provided the agreement's purpose as expressed in the first clause, above, is respected.

**THIRD. CONTRACTUAL TERM**

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A term of **FIVE YEARS** from the date on which this document is signed is mutually stipulated for this agreement.

This agreement shall be automatically renewed for a like term upon the expiration of each five-year period, provided neither party reliably advises the other of its express wish not to renew the agreement 30 days in advance. The same provision shall apply to successive contract years.

**FOURTH. CONSIDERATION AND FORM OF PAYMENT**

**LABORATORIOS BELMAC, S.A. (single-owner firm)** shall pay **BENTLEY PHARMACEUTICALS INC.** an annual sum of **FOUR HUNDRED TWENTY THOUSAND EUROS (420,000 €)**.

For the payment of said sum, **BENTLEY PHARMACEUTICALS INC.** shall issue the respective invoices as of December 31 of each year and they shall be paid by **LABORATORIOS BELMAC, S.A. (single-owner firm)** 120 days after the date of each invoice.

**LABORATORIOS BELMAC, S.A. (single-owner firm)** shall make the required tax withholdings, if any, and pay them in to the Public Treasury.

**FIFTH. PLACE OF PROVISION OF THE SERVICES**

Said advising and provision of executive functions shall be furnished from the offices and facilities operated by **BENTLEY PHARMACEUTICALS INC.** in New York (USA); accordingly, for both practical and tax purposes, the place of provision of the services shall be the United States.

**SIXTH. THE PARTIES' OBLIGATIONS**

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LABORATORIOS BELMAC, S.A. (single-owner firm) must furnish BENTLEY PHARMACEUTICALS INC. with all the information and documentation that may be necessary for it to furnish the agreed services.

LABORATORIOS BELMAC, S.A. (single-owner firm) shall give the BENTLEY PHARMACEUTICALS INC. personnel all the material resources needed to perform this agreement.

**SEVENTH. CANCELLATION**

Breach of any of the obligations assumed by the parties pursuant hereto shall entitle the party not in default to demand this agreement's cancellation as a matter of law, without prejudice to its legitimate right to claim for all the damages provoked by said default.

**EIGHTH. CONFIDENTIALITY**

Both parties undertake to maintain the strictest confidentiality regarding all data or information given them by the other party or to which they gain access by virtue of the provision of their services, as regards the company itself or its customers.

**NINTH. APPLICABLE LAW AND SUBMISSION TO ARBITRATION**

The parties expressly agree that this agreement shall be subject to United States law.

The parties expressly waive the venue to which they might be entitled and in the event any disputes should arise regarding the construction and performance of this agreement they submit to the Courts of New York (USA).

And in token of all the foregoing, after reading it, both persons sign and initial this **LEASING OF SERVICES AGREEMENT** in identical duplicates, at the place and on the date indicated in the heading.

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<b>BENTLEY PHARMACEUTICALS INC.</b> [signed] Michael A. Price Vice President, CFO	<b>LABORATORIOS BELMAC, S.A.</b> (single-owner firm) [signed] James R. Murphy
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Laboratorios Belmac, S.A.

LABORATORIOS ETHYPHARM, S.A.

D. Adolfo de Basilio

C/ Marqués de la Ensenada, 16

28004 MADRID

Madrid, 2 de Enero del 2.002

Muy Señores nuestros:

Con fecha 18 de Diciembre del 2001 hemos recibido carta de ETHYPHARM, S.A. fechada en Saint Cloud el día 12 del mismo mes y firmada por su Director Comercial, M. Yves Liorzou. Sin perjuicio de la extrañeza que nos produce que, tratándose de la denuncia de dos contratos, nos conteste una entidad que, aun siendo la matriz, no es la firmante de los citados contratos, pasamos a puntualizar algunas de las afirmaciones que se vierten en dicho escrito.

En primer lugar, queremos dejar bien sentado que LABORATORIOS BELMAC, S.A. no ha incumplido ningún plazo en el suministro del producto. Vdes. saben perfectamente que hemos efectuado las entregas cumpliendo estrictamente los plazos previstos.

Aún más, para el cliente que Vdes. mencionan en su carta, hemos atendido en plazo pedidos extraordinarios, adicionales a los inicialmente estipulados. Así, en el pasado mes de Noviembre teníamos que suministrarles 30.000 unidades y, en virtud de pedidos urgentes que nos efectuaron, les suministramos 49.736 unidades. En el mes de Diciembre, y por las mismas razones, hemos entregado 55.000 unidades frente a las 30.000 unidades pedidas.

Es decir, no sólo hemos cumplido lo pactado sino que, haciendo un extraordinario esfuerzo, hemos atendido y estamos atendiendo pedidos extraordinarios suyos, con la máxima celeridad y prontitud. Ese extraordinario esfuerzo se debe a la insuficiencia de los equipos proporcionados por Vdes. y a la necesidad de contar con un incremento de capacidad, hecho expuesto en reiteradas ocasiones, como Vdes. muy bien conocen, sin que hayamos recibido una respuesta positiva por su parte.

**BELMAC**

Teida, 4 planta baja • Parque Empresarial "La Marina" • 28700 SAN SEBASTIAN DE LOS REYES (Madrid)  
Tel.: 91 659 32 80 • Fax: 91 652 01 44 • [www.belmac.com](http://www.belmac.com)  
Fábrica: Polígono Maspica, c/c, 4. 50016 ZARAGOZA • Tel.: 976 57 17 84 • Fax: 976 57 26 63

EP 002967



913199159

Laboratorios Belmac, S.A.

En vez de reconocer nuestro esfuerzo en el cumplimiento de los plazos de sus pedidos iniciales e incluso de los pedidos extraordinarios, en su carta nos achacan "retrasos inaceptables" en el suministro de Omeprazol. Esto no es solo asombroso sino rigurosamente contrario a la realidad.

En segundo término, nuestras cartas de 14 de Noviembre de 2001 no son un deseo o un intento, como Vdes. afirman, de resolver el "contrato de fabricación" de microgránulos de OMEPRAZOL y la "carta de compromiso de compra", documentos ambos de fecha 23 de Marzo de 2000.

Nuestras cartas de 14 de Noviembre de 2001 son una denuncia formal de dichos contratos, denuncia efectuada en tiempo ("antelación de cuatro meses") y forma ("mediante notificación escrita") y, por tanto, total y absolutamente ajustada a la normativa vigente y a lo pactado en los citados documentos.

Consecuentemente, como ya les manifestamos en las mencionadas cartas de 14 de Noviembre, les reiteramos que desde el 23 de Marzo de 2002 dichos contratos quedarán extinguidos a todos los efectos, rogándoles que, a la mayor brevedad posible, nos comuniquen cual es su intención respecto a los equipos a los que anteriormente nos hemos referido.

En tercer lugar, queremos manifestarles que LABORATORIOS BELMAC, S.A. dispone de su propio desarrollo y de sus propias patentes. LABORATORIOS BELMAC, S.A. nunca ha realizado y nunca realizará actos de competencia que pudieran perjudicarles, actuando siempre conforme a la legislación vigente, por lo que las suposiciones que efectúan en el penúltimo párrafo de su carta están total y absolutamente fuera de lugar.

Finalmente, estamos absolutamente de acuerdo con Vdes. en concertar urgentemente una reunión, por lo que nos ponemos a su completa disposición para poder realizarla lo antes posible. Siempre hemos sido partidarios del diálogo y por ello, ya el 14 de Noviembre nos ofrecimos para negociar con Vdes. un nuevo contrato de fabricación acorde con sus necesidades y que tuviera en cuenta las nuevas circunstancias.

En espera de sus noticias, les saluda atentamente.

Adolfo Herrera  
Director General

**BELMAC**

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B575



Correos y Telégrafos

1. Oficina de origen

MADRID OP

2800010-2002-01NB-201

BUROFAX



ESPAÑA



Sello de transmisión

Sello de recepción

980422

LINEA-5 - G. Milán, S.A. - 1999

9. Expedidor, dirección y teléfono

D. ADOLFO HERRERA MALAGA 5,50  
 LABORATORIOS BELMAC 6,90  
 C/ JULIO PALACIOS 29-6 B. 30  
 28029 - MADRID 2,48  
 16

17,98 € / 2.992 Ptas.

Cumplimente sólo los recuadros con línea azul

2. Oficina transmisora		3. Serial transmisión		Nº de origen	
2800010				201	
4. Páginas --		5. FECHA Y HORA DE			
2					
6.º		Depósito		Recepción	
		03/01/2002 18:16			
7. Modo de entrega y menciones de servicio					
<input type="checkbox"/> CERTIFICACION-PC					
8. Destinatario, dirección y teléfono					
D. ADOLFO DE BASILIO LABORATORIOS ETHYPPARM SA C/ MARQUES DE LA ENSENADA Nº 16 28004 - MADRID					

\* RE: Riesgo expedidor: original deficiente

EP 002969

B576

Laboratorios Belmac S.A.

LABORATORIOS ETHYPHARM S.A.

D. Adolfo de Basilio

C/ Marqués de la Ensenada, 16

28004 MADRID

Madrid, 2 January 2002

Dear Sirs:

On 18 December 2001, we received a letter from ETHYPHARM, S.A., dated in Saint Cloud 12 December 2001 and signed by its Commercial Director, M. Yves Liorzou. Notwithstanding the surprise that we feel that, being the termination of two contracts, We are answered by an entity that, although being the parent, is not the signatory of the mentioned contracts, below we remark some of the statements contained in that writing.

In the first place, we want to clearly state that LABORATORIOS BELMAC, S.A. did not breach any contractual term in the supply of the product. You perfectly know that we have made the deliveries complying strictly with the agreed terms.

Moreover, for the client that you mentioned in your letter, we have timely served extraordinary requests, in addition to these originally agreed. Thus, during last November we had to supply 30,000 units and, because of urgent requests, we supplied them 49,736 units. In December, and because of the same reasons, we have supplied 55,000 units, being 30,000 the units requested.

Not only have we complied with the agreement, but making an extraordinary effort, we have also served and we are serving extraordinary requests from them, with the maximum speed. That extraordinary effort is because of the insufficiency of the equipment provided by you and because of the necessity to have a capacity increase, made clear to you in many opportunities, as you well know, without receiving a positive answer from your side.

EP 002967

**B577**

In of recognizing our efforts in complying with the terms of your original requests and also of extraordinary requests, in you letter you blame us for "unacceptable delays" in the supply of Omeprazol. This is not only surprising, but also totally contrary to the reality.

Secondly, our letters of 14 November 2001 are not a desire or intent, as you say, of resolving the Omeprazol microgranules "manufacturing contract" and the "purchase agreement letter", both documents dated 23 March 2003.

Our letters of 14 November 2001 are a formal termination of the mentioned contracts, termination made on time ("four months in advance") and in form ("by means of written notification") and, as such, totally and absolutely adjusted to the normative in force and to what was agreed in the mentioned documents.

Consequently, as we already said in the mentioned letters of 14 November, we reiterate that as of 23 March 2002 such contracts will be terminated for all effects, begging you that, as soon as possible, notify us which is your intention regarding the equipments which we previously referred to.

Thirdly, we want to say that LABORATORIOS BELMAC S.A., has its own development and from its own patents. LABORATORIOS BELMAC S.A. has never and will never engage in competitive acts that could harm you, always acting according to the laws in force, so the suggestions that you make in the penultimate paragraph of your letter are totally and absolutely out of place.

Finally, we absolutely agree with you in calling a meeting urgently, so we are at your entire disposition to make it as soon as possible. We have always been in favor of dialogue and for that reason, on 14 November we offered to negotiate a new manufacturing contract with you according to your needs and taking into account the new circumstances.

I await your news, Sincerely.

[Signature]

Adolfo Herrera

General Director

BELMAC

**EP 002968**

B578

**De:** James Murphy [jmurphy@bentleypharm.com]  
**Enviado:** jueves, 03 de enero de 2002 17:06  
**Para:** Concha Sanchez  
**Asunto:** Re: Bentley  
on 1/3/02 10:57 AM, Concha Sanchez at conchas@belmac.com wrote:

Dear Jim:

I have just talked with Mr. Herrera informing about your last e-mail.  
We are going to copy the complete omeprazole dossier (9 volumes) and once prepared we will send you asap.  
Also, he wish to know if you are interested in Simvastatin 10, 20 and 40mg dossiers (4, 4 and 6 volumes respectively) for the same generic filing in the USA.  
We wait for your comments  
Regards  
Concha

-----Mensaje original-----

**De:** James Murphy [mailto:jmurphy@bentleypharm.com]  
**Enviado el:** jueves, 03 de enero de 2002 15:32  
**Para:** Concha Sanchez  
**Asunto:** Bentley

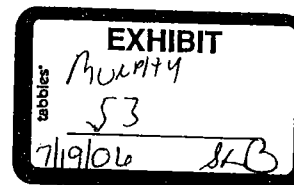
Dear Concha,

Please remind Adolfo to send me the complete omeprazole dossiers for generic filing in the USA

Jim Murphy

We have until the year 2005 for the expiration of Simvastatin but omeprazole is needed now.

Jim



BEL009766

B579



## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
<p>1. Pfizer</p> <ul style="list-style-type: none"> <li>\$250K paid to us from Pfizer. Total budget is \$310K into minutes of next meeting, or via other written confirmation.</li> <li>Need to send new tox. studies from Auxilium as available. Bob Stote checking on status.</li> <li>Formulation work pending: 2 veterinary (Doramectin/Selamectin), 1 human/sexual health, and 2 antivirals. Compounds received from Pfizer. Plan to complete Franz cell testing by 15 Feb.</li> </ul> <p><u>Note:</u> Basic Agreements pending/planned: 1) Research Collaboration Agreement; 2) License (or Platform) Agreement; and 3) Subscription (investment) Agreement.</p>	<p>Bob continue formulation devel.</p> <p>Bob Stote obtain new tox. reports and Paul send to Pfizer</p>
<p>2. DermTech</p> <ul style="list-style-type: none"> <li>In vitro human skin, Franz cell testing for Pfizer products; cost proposal received.</li> <li>Jordan to complete agreement with them</li> </ul>	<p>Jordan/Paul/Bob coordinate on DermTech agrmt</p>
<p>3. GlaxoSmithKline (GSK)</p> <ul style="list-style-type: none"> <li>GSK (North Carolina) - Insulin <ul style="list-style-type: none"> <li>Joel talked to Jim. Joel is lobbying on our behalf. Some concern on formulation stability issue. Need to show results with our insulin clinical study (UNH/CHE).</li> </ul> </li> <li>GSK (Ian Buxton) – Transdermal Formulation Development. Jim emailed and called re. CDA and MTA. Ian is out until 14 Jan and then will call Jim.</li> </ul>	<p>Jim keep in touch with Joel</p> <p>Jim talk to Ian</p>
<p>4. Insulin – Development Issues</p> <p>a) <u>Supply</u> – Insulin supply from Diosynth. All OK for now.</p> <p>b) <u>Clinical Trials</u> -</p> <ul style="list-style-type: none"> <li>Proof of Principle Trial (in normals) at UNH – CAARD (Mark Windt Lab) <ul style="list-style-type: none"> <li>Agreements to be signed by Monday 14 Jan.</li> <li>Fridays will be insulin dose day. Start trial (first patient) on Friday 18 Jan, then Friday 25 Jan with second patient, and so forth. Physical exams will be completed prior to insulin dose day.</li> <li>Insurance to be completed by Monday 14 Jan.</li> <li><u>Inveresk</u> – On hold.</li> </ul> </li> <li>Schwartz Lab – for Type 1 and Type 2 Diabetics <ul style="list-style-type: none"> <li>Project on hold pending completion of trial at CHE.</li> </ul> </li> </ul> <p>d) <u>Regulatory</u></p> <ul style="list-style-type: none"> <li>IND will be submitted prior to follow-on Phase I/II with Schwartz Lab</li> </ul>	<p>Paul follow thru on agreement completion</p> <p>Paul/Jim talk to Mark about schedule</p> <p>Bob Stote sync visit with Mark Windt patient schedule</p> <p>Bob S. keep in touch with Schwartz lab.</p>
<p>5. Bio-Concept Laboratories</p> <ul style="list-style-type: none"> <li><u>Insulin</u> - Budget increase of \$6K for EPO sterilization for insulin manufacturing. Need to modify cost proposal to cover this. Supplies to be delivered to us on Monday, 14 Jan.</li> <li><u>Ophthalmic research</u> – Jim/Bob G. met with Frank Smith on 21 Nov and discussed two topics: Ophthalmic research planned for SBIR submission April 1<sup>st</sup>. Acquisition potential under review. Need to follow-up on intent with ophthalmic plan.</li> </ul>	<p>Bob/Paul coordinate with Bio-Concepts</p> <p>Jim/Jordan determine plan for ophthalmic collaboration</p>

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B580



## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
<p>6. Novartis</p> <ul style="list-style-type: none"> <li>▪ Anti-fungal Nail Lacquer <ul style="list-style-type: none"> <li>- Visit to Basel, Switzerland planned 26-29 Jan.</li> <li>- MTA in process, however, needs revision per Jordan (has two problems: it's a one way and needs to be a two way, and it reflects all IP belonging to Novartis). Jim/Jordan to resolve separately.</li> </ul> </li> <li>▪ Paracetamol (acetaminophen) - Jim provided samples to Mark Schobel at 19 Nov meeting. Prefer different taste. <b>Jim to follow-up and get more paracetamol from Spain.</b></li> </ul>	<p>Jim resolve business terms with Novartis</p> <p>Jordan track progress of MTA</p> <p>Jim monitor progress on paracetamol</p>
<p>7. Gupta Nail Lacquer Clinical Trial</p> <ul style="list-style-type: none"> <li>▪ Visit to Toronto lab now scheduled for 18 Jan. Bob G. to keep in touch with Gupta for potential trial site (Gupta controls 6-7 lab sites). <b>Need to cancel this visit.</b></li> </ul>	<p>Bob/Paul cancel visit.</p>
<p>8. Spain Phase III Lacquer Trial</p> <ul style="list-style-type: none"> <li>▪ Continue planning for possible trial in Spain. (Clotrimazole, Ciclopirox, Terbinafine?) No progress expected in Dec (Spain vacations). Also, nail lacquer trial in Spain would be subject to change based on plans with Novartis.</li> </ul>	<p>Contingent on Novartis plans</p>
<p>9. Haarmann &amp; Reimer (H&amp;R) – Supply of CPE-215</p> <ul style="list-style-type: none"> <li>▪ Paul obtained RIFM reference (Fassett/Wilson, 1961) from H&amp;R and provided to Pfizer with letter explaining irrelevance of reference (from Bob G).</li> <li>▪ Need to complete the CDA with them.</li> </ul>	<p>Jordan respond to H&amp;R on CDA</p>
<p>10. Auxilium A<sup>2</sup></p> <ul style="list-style-type: none"> <li>▪ Testosterone in Men – NDA submitted 31 Dec (<b>not for publication</b>). Need to set up meeting date with Auxilium.</li> <li>▪ Stanolone (DHT) – After 30 day stability on 6 formulations sent to them, will go into Yucatan pigs (Jan/Feb), then select 2 formulations to go into man before making an acceptance decision. <b>Bob S. to check on status.</b></li> <li>▪ Oxycodone – Regarding formulation, intranasal route is questionable – work on Oxy tabled for now.</li> <li>▪ Other: Bob S. working on getting new tox. study reports. (need for Pfizer package)</li> </ul>	<p>Jim/ Jordan meet with Auxilium</p> <p>Bob S. check on status of stanolone and completion of new tox. studies.</p> <p>Bob S / Bob G monitor DHT progress</p>
<p>11. UAB Nail Lacquer Clinical Study</p> <ul style="list-style-type: none"> <li>▪ Anti-fungal nail lacquer – Phase I/II Trials on-going at UAB. Latest update received from Wendy: 12/10/01. Bob S. to look for update, expected by 14 Jan.</li> </ul>	<p>Bob S. monitor progress</p>
<p>12. Dartmouth-Bentley NHIRC Grant – Testosterone in women with Fibromyalgia (FMS)</p> <ul style="list-style-type: none"> <li>▪ First 5 patients started trial on 10 Nov. Initial data looks good – doubled baseline testosterone levels after 24 hrs. One patient dropped out (delayed stipend payment, plus not seeing positive changes). Day 28 evaluation is Saturday 8 Dec.</li> <li>▪ Additional patients are needed. Targeting 12 patients total. <b>Need an update on status.</b></li> </ul>	<p>Bob/Paul get update from Hillary</p>

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B581

## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
<p>13. UNH Projects – Summary</p> <ul style="list-style-type: none"> <li>Project 1- Yvon Durant: Intranasal delivery, membrane transport. Project ends 30 May 2002. Two year extension grant proposal has been submitted to the NHIRC.</li> <li>Project 2 – Roger Wells: Delivery studies (pigs: testo, DHT, GnRH). Project ends May 2002. Do not plan to extend, perhaps work on individual contract basis as needed.</li> <li>Project 3 – Stacia Sower: Peptide delivery (GnRH transdermally and intranasally. (Note: Roger Wells working in conjunction with Stacia to conserve resources). Topical has greater potential than the intranasal at this point.</li> </ul>	Bob G./ Paul monitor progress
<p>14. Reckitt-Benckiser – Paracetamol sachet</p> <ul style="list-style-type: none"> <li>Paracetamol sachet was reformulated for taste. Upon their request, we provided quotes for specific territories. Slow/no response to date. <b>No big push here at this time.</b></li> </ul>	Jim monitor
<p>15. Sanofi Synthelabo - Paracetamol tablets</p> <ul style="list-style-type: none"> <li>Reformulating again for faster dissolution. Jim will follow-up. <b>No big push here at this time.</b></li> </ul>	Jim monitor
<p>16. Cambrex</p> <ul style="list-style-type: none"> <li>Discussion/negotiation in progress. Various funding proposals being discussed: <ul style="list-style-type: none"> <li>Cambrex wants to take a 9.9% interest in Bentley.</li> <li>Cambrex provide ½ cash funding upfront along with our dossiers, ANDAs, and IP</li> <li>Cambrex providing stock (potential selling by Bentley for cash)</li> <li>Jim proposed \$5M per year for 5 yrs</li> </ul> </li> </ul> <p><b>BACK BURNER FOR NOW</b></p>	
<p>17. Vaccines - RIT (GSK in Belgium). Jim provided name of new U.S. contact to Bob S for contact. Contact name - Jim Wright? (pg 50 MedAdNews)</p>	Bob Stote call U.S. contact.
<p>18. Bristol Myers Squibb – Review of lacquer coming up. CDA is pending. BMS moving very slowly. <b>Meeting on Thurs, 17 Jan. David Voltz most likely will be there.</b></p>	Jim/Bob attend meeting. Jordan track CDA
<p>19. Chattem</p> <ul style="list-style-type: none"> <li>Contacted us this week. Scientific Review Committee reviewing/interested in all areas, except lacquer.</li> </ul>	Wait for their response
<p>20. Pharmacia</p> <ul style="list-style-type: none"> <li>Primary interest is our anti-fungal nail lacquer.</li> <li>Pharmacia completed "Due diligence" visit to Bentley on 26 Nov. Visited UAB with Brenda in Dec.</li> </ul>	Wait to hear from them
<p>21. Herron - Paracetamol</p> <ul style="list-style-type: none"> <li>Wants to license paracetamol for Australia and Pacific Rim. Adolfo sent term sheet.</li> </ul>	Jim follow-up
<p>22. DUSA Pharm.</p> <ul style="list-style-type: none"> <li>Interested in photo-active compounds with CPE-215. Visited us 26 Oct. New meeting planned for 4 Apr.</li> </ul>	Jim follow-up

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B582



## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
23. Perrigo Pharm. <ul style="list-style-type: none"> <li>Interested in topical NSAIDs and paracetamol. CDA completed. They expressed interest in merging with us. This is premature. Targeting April 14<sup>th</sup> for a meeting to further explore.</li> </ul>	Jim follow-up
24. Banner Pharm. (North Carolina) <ul style="list-style-type: none"> <li>Interested in testing/research of paracetamol. Willing to sign CDA. Paul contacted David Chance by voicemail and email, no response yet. Need to discuss scope of work intended (we have 100g paracetamol ready to send to them)</li> </ul>	Paul follow up
25. Bayer AG <ul style="list-style-type: none"> <li>Interested in our nail lacquer. Bayer AG has product called Canesten® (clotrimazole) that is the market-leading antifungal in Europe.</li> <li>Want to perform due diligence on our lacquer. Jim to send summary on lacquer performance after completion of CDA. <b>Meeting planned 29 Jan in Germany.</b></li> </ul>	Jim/Bob G. visit Bayer 29 Jan
26. Ardent Pharmaceuticals <ul style="list-style-type: none"> <li>Interested in pain, depression, and intranasal delivery. CDA needed.</li> </ul>	Jordan track CDA  Paul contact to set up meeting for Jim
27. Raymond James Stock Offering / Private Placement <ul style="list-style-type: none"> <li>Stock offering/private placement in planning stages. Due Diligence has been completed by Raymond James.</li> <li>Detailed event schedule has been set. First drafting session in North Hampton on 16 Jan.</li> </ul>	Complete actions per event schedule
28. Insurance Issues <ul style="list-style-type: none"> <li>Tom Wilde passed issue on coverages in Europe to an international rep within Gallagher. He will be getting back to Mike.</li> <li>Issue of confidentiality – Tom Wilde believes they are bound by ethical practices, but is willing to sign a confidentiality agreement.</li> <li>Insulin trial insurance – Paul sent necessary agreements to Wilde. Chasing down insurance for UNH Insulin trial.</li> </ul>	Mike monitor international coverage issues  Paul get insurance cert. from Wilde
29. Tax Planning <ul style="list-style-type: none"> <li>Jordan/Mike completed document that addresses all issues and plan of action to minimize tax consequences with revenue in U.S. and transfer of IP between Bentley and subsidiaries. Follow-up at January BOD Meeting.</li> </ul>	On hold until end of January
30. New Patents <ul style="list-style-type: none"> <li><u>Patents – Spain</u> <ol style="list-style-type: none"> <li>1<sup>st</sup> Patent – Submitted P-200002685 (General procedure – Vacuum and Granulation for other products.</li> <li>2<sup>nd</sup> Patent – Submitted P-200002797 (Tablet formulation for Omeprazole and other gastric sensitive drugs – Direct compression.</li> <li>3<sup>rd</sup> Patent – Organic formulation process for Omeprazole. Patent P-200100825. (also protection from Ethypharm).</li> <li>4<sup>th</sup> Patent – Aqueous Process - a patent extension of the tablet formulation patent from last year (P-200002797). To be submitted early November 2001.</li> </ol> </li> </ul>	Jordan and Bob G. to review patent issues. Jordan to have more oversight on patents

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**Bentley Pharmaceuticals**  
**Project Status Report – January 11, 2002**

PROJECT AND STATUS	ACTION
<p>e) 5<sup>th</sup> Patent – New procedure for tablets – direct compression. Plan to submit in December 2001.</p> <p>f) PCT for Paracetamol filed (Spanish Patent: P200002653)</p> <p>▪ <u>Patents – Bentley</u></p> <p>a) Intranasal Insulin Patent – Bob G. filed the provisional in U.S. in June '01.</p> <p>b) Lacquer PCT published 23 Aug (PCT/US01/05302)</p>	
<p>31. BOD Meeting Schedule</p> <p>▪ Jan meeting postponed to 21-22 Feb (tentative) in North Hampton.</p> <p><u>Other meetings:</u> The spring shareholder meeting is tentatively scheduled for May 22<sup>nd</sup>, don't want AMEX Board Rm, possibly the Penn Club. Jordan check with Miguel.</p>	<p>Plan for Feb BOD meeting</p> <p>Jordan follow up with Miguel on availability of Penn Club for Shareholder mtg</p>
<p><b>END LIST- OTHER POTENTIALS</b></p> <p>McNeil – Lacquer</p> <p>Schering AG (Berlex in U.S.) – Derm. products, HRT</p> <p>PLR – Potential switch to other firm</p> <p>Helm – paracetamol</p> <p>Lavipharma –</p> <p>SkyePharma – Spain, JV</p> <p>Angelini</p> <p><u>Acquisition Potentials</u> (Bayvit, Dermtech, BioConcepts, Labs Argenol)</p>	

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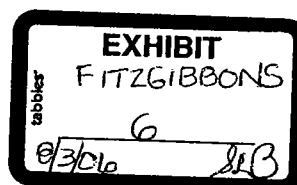
**From:** Paul Fitzgibbons  
**Sent:** Thu, 17 Jan 2002 13:49:06 GMT  
**To:** Jim Murphy (E-mail); Bob Gyurik (E-mail); Stote Bob (E-mail); Mike Price; Jordan Horvath  
**CC:**  
**BCC:**  
**Subject:** Project Status Report - 11 Jan

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Attached is the Project Status Report from our last management meeting on 11 Jan. The next management meeting will occur the week of 28 Jan, tentatively scheduled now for Tuesday, 29 Jan at 8:30 AM.

Paul Fitzgibbons  
Bentley Pharmaceuticals, Inc.  
603-964-8006 (office) 603-964-6889 (fax)  
pfitzgibbons@bentleypharm.com

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BENTL022497  
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B585



## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
<p>1. Pfizer</p> <ul style="list-style-type: none"> <li>▪ \$250K paid to us from Pfizer. Total budget is \$310K into minutes of next meeting, or via other written confirmation.</li> <li>▪ Need to send new tox. studies from Auxilium as available. Bob Stote checking on status.</li> <li>▪ Formulation work pending: 2 veterinary (Doramectin/Selamectin), 1 human/sexual health, and 2 antivirals. Compounds received from Pfizer. Plan to complete Franz cell testing by 15 Feb.</li> </ul> <p>Note: Basic Agreements pending/planned: 1) Research Collaboration Agreement; 2) License (or Platform) Agreement; and 3) Subscription (investment) Agreement.</p>	<p>Bob continue formulation devel.</p> <p>Bob Stote obtain new tox. reports and Paul send to Pfizer</p>
<p>2. DermTech</p> <ul style="list-style-type: none"> <li>▪ In vitro human skin, Franz cell testing for Pfizer products; cost proposal received.</li> <li>▪ Jordan to complete agreement with them</li> </ul>	<p>Jordan/Paul/Bob coordinate on DermTech agrmt</p>
<p>3. GlaxoSmithKline (GSK)</p> <ul style="list-style-type: none"> <li>▪ GSK (North Carolina) - Insulin <ul style="list-style-type: none"> <li>- Joel talked to Jim. Joel is lobbying on our behalf. Some concern on formulation stability issue. Need to show results with our insulin clinical study (UNH/CHE).</li> </ul> </li> <li>▪ GSK (Ian Buxton) – Transdermal Formulation Development. Jim emailed and called re. CDA and MTA. Ian is out until 14 Jan and then will call Jim.</li> </ul>	<p>Jim keep in touch with Joel</p> <p>Jim talk to Ian</p>
<p>4. Insulin – Development Issues</p> <p>a) <u>Supply</u> – Insulin supply from Diosynth. All OK for now.</p> <p>b) <u>Clinical Trials</u> -</p> <ul style="list-style-type: none"> <li>▪ Proof of Principle Trial (in normals) at UNH – CAARD (Mark Windt Lab) <ul style="list-style-type: none"> <li>- Agreements to be signed by Monday 14 Jan.</li> <li>- Fridays will be insulin dose day. Start trial (first patient) on Friday 18 Jan, then Friday 25 Jan with second patient, and so forth. Physical exams will be completed prior to insulin dose day.</li> <li>- Insurance to be completed by Monday 14 Jan.</li> <li>- Inveresk – On hold.</li> </ul> </li> <li>▪ Schwartz Lab – for Type 1 and Type 2 Diabetics <ul style="list-style-type: none"> <li>- Project on hold pending completion of trial at CHE.</li> </ul> </li> </ul> <p>d) <u>Regulatory</u></p> <ul style="list-style-type: none"> <li>▪ IND will be submitted prior to follow-on Phase I/II with Schwartz Lab</li> </ul>	<p>Paul follow thru on agreement completion</p> <p>Paul/Jim talk to Mark about schedule</p> <p>Bob Stote sync visit with Mark Windt patient schedule</p> <p>Bob S. keep in touch with Schwartz lab.</p>
<p>5. Bio-Concept Laboratories</p> <ul style="list-style-type: none"> <li>▪ <u>Insulin</u> - Budget increase of \$6K for EPO sterilization for insulin manufacturing. Need to modify cost proposal to cover this. Supplies to be delivered to us on Monday, 14 Jan.</li> <li>▪ <u>Ophthalmic research</u> – Jim/Bob G. met with Frank Smith on 21 Nov and discussed two topics: Ophthalmic research planned for SBIR submission April 1<sup>st</sup>. Acquisition potential under review. Need to follow-up on intent with ophthalmic plan.</li> </ul>	<p>Bob/Paul coordinate with Bio-Concepts</p> <p>Jim/Jordan determine plan for ophthalmic collaboration</p>

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## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
<p>6. Novartis</p> <ul style="list-style-type: none"> <li>▪ Anti-fungal Nail Lacquer               <ul style="list-style-type: none"> <li>- Visit to Basel, Switzerland planned 26-29 Jan.</li> <li>- MTA in process, however, needs revision per Jordan (has two problems: it's a one way and needs to be a two way, and it reflects all IP belonging to Novartis). Jim/Jordan to resolve separately.</li> </ul> </li> <li>▪ Paracetamol (acetaminophen) - Jim provided samples to Mark Schobel at 19 Nov meeting. Prefer different taste. <b>Jim to follow-up and get more paracetamol from Spain.</b></li> </ul>	<p>Jim resolve business terms with Novartis</p> <p>Jordan track progress of MTA</p> <p>Jim monitor progress on paracetamol</p>
<p>7. Gupta Nail Lacquer Clinical Trial</p> <ul style="list-style-type: none"> <li>▪ Visit to Toronto lab now scheduled for 18 Jan. Bob G. to keep in touch with Gupta for potential trial site (Gupta controls 6-7 lab sites). <b>Need to cancel this visit.</b></li> </ul>	<p>Bob/Paul cancel visit.</p>
<p>8. Spain Phase III Lacquer Trial</p> <ul style="list-style-type: none"> <li>▪ Continue planning for possible trial in Spain. (Clotrimazole, Ciclopirox, Terbinafine?) No progress expected in Dec (Spain vacations). Also, nail lacquer trial in Spain would be subject to change based on plans with Novartis.</li> </ul>	<p>Contingent on Novartis plans</p>
<p>9. Haarmann &amp; Reimer (H&amp;R) – Supply of CPE-215</p> <ul style="list-style-type: none"> <li>▪ Paul obtained RIFM reference (Fassett/Wilson, 1961) from H&amp;R and provided to Pfizer with letter explaining irrelevance of reference (from Bob G).</li> <li>▪ Need to complete the CDA with them.</li> </ul>	<p>Jordan respond to H&amp;R on CDA</p>
<p>10. Auxilium A<sup>2</sup></p> <ul style="list-style-type: none"> <li>▪ Testosterone in Men – NDA submitted 31 Dec (<b>not for publication</b>). Need to set up meeting date with Auxilium.</li> <li>▪ Stanolone (DHT) – After 30 day stability on 6 formulations sent to them, will go into Yucatan pigs (Jan/Feb), then select 2 formulations to go into man before making an acceptance decision. <b>Bob S. to check on status.</b></li> <li>▪ Oxycodone – Regarding formulation, intranasal route is questionable – work on Oxy tableted for now.</li> <li>▪ Other. Bob S. working on getting new tox. study reports. (need for Pfizer package)</li> </ul>	<p>Jim/ Jordan meet with Auxilium</p> <p>Bob S. check on status of stanolone and completion of new tox. studies.</p> <p>Bob S / Bob G monitor DHT progress</p>
<p>11. UAB Nail Lacquer Clinical Study</p> <ul style="list-style-type: none"> <li>▪ Anti-fungal nail lacquer – Phase I/II Trials on-going at UAB. Latest update received from Wendy: 12/10/01. Bob S. to look for update, expected by 14 Jan.</li> </ul>	<p>Bob S. monitor progress</p>
<p>12. Dartmouth-Bentley NHIRC Grant – Testosterone in women with Fibromyalgia (FMS)</p> <ul style="list-style-type: none"> <li>▪ First 5 patients started trial on 10 Nov. Initial data looks good – doubled baseline testosterone levels after 24 hrs. One patient dropped out (delayed stipend payment, plus not seeing positive changes). Day 28 evaluation is Saturday 8 Dec.</li> <li>▪ Additional patients are needed. Targeting 12 patients total. <b>Need an update on status.</b></li> </ul>	<p>Bob/Paul get update from Hillary</p>

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## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
<b>13. UNH Projects – Summary</b> <ul style="list-style-type: none"> <li>▪ Project 1- Yvon Durant: Intranasal delivery, membrane transport. Project ends 30 May 2002. Two year extension grant proposal has been submitted to the NHIRC.</li> <li>▪ Project 2 – Roger Wells: Delivery studies (pigs: testo, DHT, GnRH). Project ends May 2002. Do not plan to extend, perhaps work on individual contract basis as needed.</li> <li>▪ Project 3 – Stacia Sower: Peptide delivery (GnRH transdermally and intranasally. (Note: Roger Wells working in conjunction with Stacia to conserve resources). Topical has greater potential than the intranasal at this point.</li> </ul>	Bob G./ Paul monitor progress
<b>14. Reckitt-Benckiser – Paracetamol sachet</b> <ul style="list-style-type: none"> <li>▪ Paracetamol sachet was reformulated for taste. Upon their request, we provided quotes for specific territories. Slow/no response to date. <b>No big push here at this time.</b></li> </ul>	Jim monitor
<b>15. Sanofi Synthelabo - Paracetamol tablets</b> <ul style="list-style-type: none"> <li>▪ Reformulating again for faster dissolution. Jim will follow-up. <b>No big push here at this time.</b></li> </ul>	Jim monitor
<b>16. Cambrex</b> <ul style="list-style-type: none"> <li>▪ Discussion/negotiation in progress. Various funding proposals being discussed: <ul style="list-style-type: none"> <li>- Cambrex wants to take a 9.9% interest in Bentley.</li> <li>- Cambrex provide ½ cash funding upfront along with our dossiers, ANDAs, and IP</li> <li>- Cambrex providing stock (potential selling by Bentley for cash)</li> <li>- Jim proposed \$5M per year for 5 yrs</li> </ul> </li> </ul> <b>BACK BURNER FOR NOW</b>	
<b>17. Vaccines - RIT (GSK in Belgium).</b> Jim provided name of new U.S. contact to Bob S for contact. Contact name - Jim Wright? (pg 50 MedAdNews)	Bob Stote call U.S. contact.
<b>18. Bristol Myers Squibb – Review of lacquer coming up.</b> CDA is pending. BMS moving very slowly. <b>Meeting on Thurs, 17 Jan. David Voltz most likely will be there.</b>	Jim/Bob attend meeting. Jordan track CDA
<b>19. Chattem</b> <ul style="list-style-type: none"> <li>▪ Contacted us this week. Scientific Review Committee reviewing/interested in all areas, except lacquer.</li> </ul>	Wait for their response
<b>20. Pharmacia</b> <ul style="list-style-type: none"> <li>▪ Primary interest is our anti-fungal nail lacquer.</li> <li>▪ Pharmacia completed “Due diligence” visit to Bentley on 26 Nov. Visited UAB with Brenda in Dec.</li> </ul>	Wait to hear from them
<b>21. Herron - Paracetamol</b> <ul style="list-style-type: none"> <li>▪ Wants to license paracetamol for Australia and Pacific Rim. Adolfo sent term sheet.</li> </ul>	Jim follow-up
<b>22. DUSA Pharm.</b> <ul style="list-style-type: none"> <li>▪ Interested in photo-active compounds with CPE-215. Visited us 26 Oct. New meeting planned for 4 Apr.</li> </ul>	Jim follow-up

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## Bentley Pharmaceuticals Project Status Report – January 11, 2002

PROJECT AND STATUS	ACTION
23. Perrigo Pharm. <ul style="list-style-type: none"> <li>Interested in topical NSAIDs and paracetamol. CDA completed. They expressed interest in merging with us. This is premature. Targeting April 14<sup>th</sup> for a meeting to further explore.</li> </ul>	Jim follow-up
24. Banner Pharm. (North Carolina) <ul style="list-style-type: none"> <li>Interested in testing/research of paracetamol. Willing to sign CDA. Paul contacted David Chance by voicemail and email, no response yet. Need to discuss scope of work intended (we have 100g paracetamol ready to send to them)</li> </ul>	Paul follow up
25. Bayer AG <ul style="list-style-type: none"> <li>Interested in our nail lacquer. Bayer AG has product called Canesten® (clotrimazole) that is the market-leading antifungal in Europe.</li> <li>Want to perform due diligence on our lacquer. Jim to send summary on lacquer performance after completion of CDA. <b>Meeting planned 29 Jan in Germany.</b></li> </ul>	Jim/Bob G. visit Bayer 29 Jan
26. Ardent Pharmaceuticals <ul style="list-style-type: none"> <li>Interested in pain, depression, and intranasal delivery. CDA needed.</li> </ul>	Jordan track CDA  Paul contact to set up meeting for Jim
27. Raymond James Stock Offering / Private Placement <ul style="list-style-type: none"> <li>Stock offering/private placement in planning stages. Due Diligence has been completed by Raymond James.</li> <li>Detailed event schedule has been set. First drafting session in North Hampton on 16 Jan.</li> </ul>	Complete actions per event schedule
28. Insurance Issues <ul style="list-style-type: none"> <li>Tom Wilde passed issue on coverages in Europe to an international rep within Gallagher. He will be getting back to Mike.</li> <li>Issue of confidentiality – Tom Wilde believes they are bound by ethical practices, but is willing to sign a confidentiality agreement.</li> <li>Insulin trial insurance – Paul sent necessary agreements to Wilde. Chasing down insurance for UNH Insulin trial.</li> </ul>	Mike monitor international coverage issues  Paul get insurance cert. from Wilde
29. Tax Planning <ul style="list-style-type: none"> <li>Jordan/Mike completed document that addresses all issues and plan of action to minimize tax consequences with revenue in U.S. and transfer of IP between Bentley and subsidiaries. Follow-up at January BOD Meeting.</li> </ul>	On hold until end of January
30. New Patents <ul style="list-style-type: none"> <li><u>Patents – Spain</u></li> <li>a) 1<sup>st</sup> Patent – Submitted P-200002685 (General procedure – Vacuum and Granulation for other products.</li> <li>b) 2<sup>nd</sup> Patent – Submitted P-200002797 (Tablet formulation for Omeprazole and other gastric sensitive drugs – Direct compression.</li> <li>c) 3<sup>rd</sup> Patent – Organic formulation process for Omeprazole. Patent P-200100825. (also protection from Ethypharm).</li> <li>d) 4<sup>th</sup> Patent – Aqueous Process - a patent extension of the tablet formulation patent from last year (P-200002797). To be submitted early November 2001.</li> </ul>	Jordan and Bob G. to review patent issues. Jordan to have more oversight on patents

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